

NEWS RELEASE

THE LIBERTARIAN PARTY

FOR IMMEDIATE RELEASE
August 26, 1997

For additional information: Bill Winter, Director of Communications ♦ (202) 333-0008 Ext. 226

Doctor glut prompts dueling federal subsidy programs, Libertarians complain

“Schizophrenic” new subsidy tries to repair last federal subsidy

WASHINGTON, DC — No wonder health care costs are going crazy, the Libertarian Party says: The federal government is paying hospitals to train new doctors — at the same time it’s launched a new subsidy to pay them *not* to.

“Politicians can’t decide whether America has a doctor glut or a doctor shortage, so they created one subsidy to *encourage* new doctors and one to *discourage* them,” said Steve Dasbach, the party’s national chairman. **“It’s political schizophrenia, medically speaking.”**

The new subsidy — which could funnel billions of dollars to America’s 1,025 teaching hospitals if they agree to train fewer new doctors — was buried in the new federal budget agreement.

According to the Republican politicians who rolled the program out nationwide, the subsidy will help end America’s doctor glut — a problem which traces its roots back to 1965, when Medicare started subsidizing training for recent medical school graduates.

The \$100,000-a-year federal subsidies helped trigger an explosion in the number of new doctors in training programs, from 60,000 in 1980 to 100,000 last year. Currently, Medicare spends \$7 billion a year to subsidize new doctor training.

“After subsidizing new doctors for three decades, Medicare officials were astonished at the result: A glut of new doctors,” said Dasbach. “So they came up with a typical bureaucratic solution: **If one government subsidy causes a problem, take *two* subsidies and call me in the morning.**”

Ironically, the new subsidy comes at a time when many teaching hospitals, concerned over the glut of physicians, are already cutting back on the number of doctors they train. For example, the Massachusetts General Hospital and Brigham & Women’s Hospital in Boston both announced plans to reduce their training programs by 20%.

“As always, government intervention is the disease — and the free market is the cure,” said Dasbach. “That’s why the Libertarian prescription to the problem of too many doctors is simple: Get rid of the *old* federal subsidy, and get rid of this *new* federal subsidy, too.”

In fact, said Dasbach, the whole situation makes Libertarians wonder if there is one federal medical subsidy they *should* support: **“A subsidy for people who promise not to become politicians — since there is a glut of them, and they’re making Americans sick.”**

#

Watergate Office Building ♦ 2600 Virginia Avenue, NW, Suite 100 ♦ Washington, DC 20037